

The complaint

Mr A complains that Barclays Bank UK PLC will not refund him for a series of card payments taken by a provider which, he says, did not supply the service he paid for.

What happened

Mr A entered into an agreement with a technology firm, which I'll call "G", for the provision of advertising services linked to his social media channel. To pay for the services, Mr A set up a continuous payment authority, so that G could take payments from the debit card linked to his Barclays account. The level of payments was linked to the number of views generated by the advertising service. Mr A's expectation was that his channel would receive increased traffic and subscribers and, therefore, greater income.

Mr A was unhappy with the service which G provided and with the payments it was taking. He said that the figures provided by G were faked and that the payments should not therefore have been taken. He said too that the software G was using was "beta" software – that is, it was still in a development phase and likely to contain known or unknown bugs.

G did not accept Mr A's claims. It said that he had received the services he had paid for until his account was paused on 27 November 2023.

Mr A referred the matter to Barclays, seeking a refund under the chargeback scheme. G defended the chargeback claim on the grounds that it had provided the services paid for. Barclays chose not to pursue the matter further and declined a refund. (G did not respond to the claim in respect of one £10 payment, which was refunded.)

Mr A referred the matter to this service, where one of our investigators considered what had happened. She issued a preliminary assessment, but did not recommend that the complaint be upheld. She thought that Barclays had acted reasonably in seeking a refund, but accepted that it was unable to obtain one, given the compelling evidence from G.

Mr A did not accept the investigator's assessment and asked that an ombudsman review the case.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've reached the same overall conclusion as the investigator did, and for broadly the same reasons.

Where goods or services are paid for with a debit or credit card and a dispute arises, it is often possible to resolve that dispute through the chargeback process. Chargeback is a scheme run by the card schemes (in this case, Visa). A card issuer (here, Barclays) raises a claim through the scheme against the merchant's provider of card facilities. That provider will then consider whether the claim meets the relevant criteria for chargeback (if necessary,

seeking evidence from the merchant) before responding to the claim. Where necessary, the scheme provides for arbitration between the financial businesses.

Chargeback is however primarily a scheme for resolving disputes about payment settlements – including, for example, where payments are not authorised or are duplicated, or where goods have been paid for but not delivered. It can therefore have the effect in some cases of resolving disputes between merchants and consumers, but it is not always an appropriate or effective mechanism for achieving that aim.

There is no legal or regulatory obligation on a card issuer to pursue a chargeback claim, but this service takes the view that they should do so where there is a reasonable prospect of success.

In this case, G provided quite detailed information about the service it had provided, including details of the number of interactions which had been generated on Mr A's social media channel. Mr A's response was, in short, to say that its evidence had been fabricated.

In the circumstances, I think it was reasonable for Barclays to decide not to pursue chargeback any further and not to take it to arbitration.

I stress that it is not for me to say whether – as Mr A alleges – G has fabricated evidence. I need to decide on what I consider to be a fair and reasonable resolution of Mr A's complaint about Barclays. In my view, it would not be reasonable to require the bank to make a refund.

My final decision

For these reasons, my final decision is that I do not uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 15 January 2025.

Mike Ingram

Ombudsman